

STATE AND LOCAL TAXES IN WISCONSIN

A. REVENUES BY TYPE OF TAX

Wisconsin state and local governments collected nearly \$18 billion in taxes in state fiscal year 2002 (FY02). State and local taxes were 11.3% of personal income.

Individual income, property, and general sales and use taxes were the major sources of tax revenues, accounting for 87% of total taxes, as Table 1 shows. The property tax was the largest revenue source, bringing in \$6.57 billion, nearly 37% of the total. Individual income tax revenues totalled \$4.98 billion, 28% of the total, and sales taxes were \$3.97 billion, 22% of the total.

TABLE 1
WISCONSIN STATE AND LOCAL TAXES, FY02

Tax	Amount (\$ Millions)	% of Total
Property	\$6,574.4	36.7%
Individual income	4,979.7	27.8%
General sales and use	3,971.1	22.1%
Motor fuel	865.5	4.8%
Corporate income and franchise	503.0	2.8%
Other taxes	<u>1,037.4</u>	<u>5.8%</u>
Total state and local taxes	\$17,931.0	100.0%

The property tax is almost exclusively a local tax—a state forestry tax accounts for less than 1% of total property tax collections. The property tax amount in Table 1 and elsewhere in this paper equals the amount of tax after the school levies credit and similar credits, but prior to the lottery credit.

The individual income tax is exclusively a state revenue source, since local governments do not have authority to impose taxes on income. The sales tax is imposed by the state at a 5% rate, by most counties and a football stadium district in Brown County at a 0.5% rate, and by a baseball stadium district in Milwaukee, Ozaukee, Racine, Washington and Waukesha counties at a 0.1% rate.

The next two largest taxes are both state-imposed: the motor fuels tax used for transportation-related spending, with collections of \$865 million, and the corporate income and franchise tax, totalling \$503 million. A variety of other taxes, such as excise, estate, insurance and utility taxes, raised an additional \$1,037 million.

B. TAXES BY LEVEL OF GOVERNMENT

The state collects most of the taxes raised in Wisconsin, about three-fifths of total state and local government collections, as shown in Table 2. The state imposed \$11 billion in taxes and local governments raised nearly \$7 billion.

TABLE 2
WISCONSIN TAXES BY LEVEL OF GOVERNMENT, FY02

Level of Government	Amount (\$ Millions)	% of Total
<u>State taxes</u>		
General purpose tax revenues	\$10,020.2	55.9%
Program tax revenues	20.9	0.1%
Segregated tax revenues	<u>1,055.0</u>	<u>5.9%</u>
Total state taxes	\$11,096.2	61.9%
<u>Local taxes</u>		
Property taxes	\$6,511.9	36.3%
Other taxes	<u>322.9</u>	<u>1.8%</u>
Total local taxes	\$6,834.8	38.1%
Total	\$17,931.0	100.0%

Most of the taxes imposed by the state are general purpose taxes—used to finance general government activities. They were \$10 billion in FY02, or 56% of total state and local taxes. State segregated tax revenues totalled another \$1 billion, 6% of total taxes. Segregated taxes are earmarked for specific purposes—transportation, conservation, recycling; the motor fuels and other transportation taxes account for about 84% of segregated tax revenues. In addition, the state collects a small amount of program tax revenues. About half comes from fire dues paid by companies selling fire insurance; most of the other half is attributable to a small portion of local sales and other taxes retained by the state to cover its cost of administering those taxes.

Property taxes are the primary local revenue source, totalling \$6.5 billion in FY02, or nearly 36% of state and local taxes. Other taxes imposed by local governments totalled \$0.3 billion, and about 84% of these were general sales and use taxes. Other local taxes include room, local exposition district, premier resort and motor vehicle (wheel) taxes.

C. STATE GENERAL PURPOSE REVENUE TAXES

As Table 2 showed, general purpose revenue (GPR) taxes account for most—more than 90%—of state tax revenues. State GPR taxes are shown in Table 3. (A table combining the information in Tables 1, 2 and 3 appears in the Appendix.)

TABLE 3
STATE GENERAL PURPOSE TAX REVENUES, FY02

Tax	Amount	
	(\$ Millions)	% of Total
Individual income	\$4,979.7	49.7%
General sales and use	3,695.8	36.9%
Corporate income and franchise	503.0	5.0%
Excise	348.3	3.5%
Utility	252.2	2.5%
Estate	82.6	0.8%
Insurance	96.1	1.0%
Other	<u>62.5</u>	<u>0.6%</u>
Total state general purpose revenue taxes	\$10,020.2	100.0%

The individual income tax and general sales and use tax are the dominant GPR revenue sources, accounting for 87% of total collections—the income tax, with \$4,980 million in revenues, nearly half the total, and the sales tax, totalling \$3,696 million, more than a third.

The corporate income and franchise tax was the third largest GPR tax, totalling \$503 million or 5% of collections in FY02. Next came excise taxes on cigarettes, tobacco products, liquor and wine, and beer of \$348 million—\$289 million of which came from the cigarette tax—and utility taxes of \$252 million, including light, heat and power utility taxes of \$145 million and telephone company taxes of \$87 million.

D. LOCAL TAXING DISTRICTS

Several different kinds of local governments impose property and other taxes; the amounts each raised in FY02 are shown in Table 4.

TABLE 4
LOCAL TAXES BY TAXING DISTRICT, FY02

Taxing District	Amount (\$ Millions)			% of Total
	Property Tax	Other Taxes	Total Taxes	
School districts	\$2,968.3	-	\$2,968.3	43.4%
Municipalities	1,579.0	\$38.8	1,617.8	23.7%
Counties	1,293.1	228.2	1,521.2	22.3%
Vocational college districts	456.8	-	456.8	6.7%
Other local governments	<u>214.7</u>	<u>56.0</u>	<u>270.7</u>	<u>4.0%</u>
Total local taxes	\$6,511.9	\$322.9	\$6,834.8	100.0%

School districts levied property taxes totalling \$2,968 million in FY02, which accounted for 43% of taxes imposed by local government taxes. Municipalities levied \$1,579 million in property taxes and \$39 million in other taxes, mostly room taxes, but also premier resort and motor vehicle taxes. Municipalities accounted for 24% of all local taxes. County taxes included \$1,293 million in property taxes and \$228 million in sales taxes, giving them 22% of local taxes. The remaining local taxes were property taxes levied by vocational college districts and property, sales and exposition district taxes levied by other local governments.

E. PROPERTY TAXES BY CLASS OF PROPERTY

Table 5 shows tax levies by class of property. As the table shows, more than two-thirds of property taxes, \$4,476 million, fell on residential property in FY02. Residential property includes single-family and multi-family housing with two to eight units (the number varies by municipality). Commercial property, including larger multi-family housing, accounted for \$1,247 million, or 19%, of the tax. Manufacturing, agricultural and other real property, and personal property each accounted for 4% or less of the net property tax levy.

TABLE 5
WISCONSIN PROPERTY TAXES
BY CLASS OF PROPERTY, FY02

Tax	Amount (\$ Millions)	% of Total
Class A residential	\$4,475.6	68.1%
Class B commercial	1,247.6	19.0%
Class C manufacturing	239.9	3.6%
Class D agricultural	102.3	1.6%
Other real property	287.9	4.4%
Personal property	<u>221.1</u>	<u>3.4%</u>
Total property taxes	\$6,574.4	100.0%

APPENDIX
WISCONSIN TAX REVENUES BY TAX, LEVEL OF GOVERNMENT AND FUND TYPE, FY02

Tax	Amount of Tax Revenue (\$ millions)					
	Total Tax Revenues	State Tax Revenues				Local Tax Revenues
		Total	General Purpose	Program Tax Revenues	Segregated	
Individual income	\$4,979.7	\$4,979.7	\$4,979.7			
Property	6,574.4	62.4			\$62.4	\$6,511.9
Sales and use	3,971.1	3,700.5	3,695.8	\$4.7		270.5
Motor fuel	865.5	865.5			865.5	
Corporate income and franchise	503.0	503.0	503.0			
Excise	348.3	348.3	348.3			
Utility	252.2	252.2	252.2			
Estate	82.6	82.6	82.6			
Insurance	96.1	96.1	96.1			
Other taxes and program tax revenues*	<u>258.2</u>	<u>205.9</u>	<u>62.5</u>	<u>16.2</u>	<u>127.2</u>	<u>52.4</u>
Total	\$17,931.0	\$11,096.2	\$10,020.2	\$20.9	\$1,055.0	\$6,834.8

* Other taxes and program tax revenues include:

General purpose taxes – real estate transfer fee, lawsuit tax and other miscellaneous taxes;

Program tax revenues – fire dues, pari-mutuel taxes, business trust regulation fee, taxes retained by the state for administering the local exposition district and premier resort taxes, and other miscellaneous revenues;

Segregated taxes – air carrier, railroad, aviation fuel and other transportation taxes, forest crop taxes, petroleum inspection fee, recycling surcharge, and other miscellaneous taxes;

Local taxes – local exposition district, premier resort, room and wheel taxes.